

UTAH COUNTIES INSURANCE POOL

BOARD OF TRUSTEES MEETING

Friday, June 4, 2010, 8:00 a.m.

Homestead Resort, Midway, UT

AGENDA

7:30 Breakfast

8:00 Call to Order Kay Blackwell

ITEM ACTION

- | | | |
|---|--|---------------|
| 1 | Review/Excuse Board Members Absent | Kay Blackwell |
| 2 | Review/Approve May 13 Meeting Minutes | Steve Wall |
| 3 | Ratification and Approval of Payments and Credit Card Transactions | Steve Wall |
| 4 | Review/Approve First Quarter 2010 Financial Statements | Sonya White |
| 5 | Set Date and Time for Closed Meeting
to Discuss Character, Professional Competence, Physical/Mental Health of an Individual | Kay Blackwell |
| 6 | Action on Personnel Matters | Kay Blackwell |
| 7 | Set Date and Time for Closed Meeting
to Discuss Pending or Reasonably Imminent Litigation | Kay Blackwell |
| 8 | Action on Litigation Matters | Kent Sundberg |

INFORMATION

- | | | |
|----|----------------------------------|----------------|
| 9 | Chief Executive Officer's Report | Johnnie Miller |
| 10 | Other Business | Kay Blackwell |



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

BOARD OF TRUSTEES MEETING MINUTES

June 4, 2010, 8:00 a.m.
Homestead Resort, Midway, UT

BOARD MEMBERS PRESENT

Kay Blackwell, *President*, Piute County Commissioner
Ken Bischoff, *Vice President*, Weber County Commissioner
Steve Wall, *Secretary-Treasurer*, Sevier County Clerk-Auditor
Brad Dee, Weber County Human Resources Director
Jim Eardley, Washington County Commissioner
LaMar Guymon, Emery County Sheriff
Gerald Hess, Davis County Deputy Attorney
Jerry Hurst, Tooele County Commissioner
Karla Johnson, Kane County Clerk-Auditor
Wayne Smith, Iron County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Steve White, Utah County Commissioner

BOARD MEMBERS ABSENT

Bruce Adams, San Juan County Commissioner

OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer
Sonya White, UCIP Manager of Administration
Lisa Dennison, By the Numbers Actuarial Consulting

Call to Order

Kay Blackwell called this meeting of the Utah Counties Insurance Pool Board of Trustees to order at 8:00 a.m. on June 4, 2010 and welcomed those in attendance.

Review/Excuse Board Members Absent

Bruce Adams had a prior commitment and requested to be excused. Steve White made a motion to excuse Bruce Adams from this meeting. Karla Johnson seconded the motion, which passed unanimously.

Approve May 13 Meeting Minutes

The minutes of the Board of Trustees meeting held May 13, 2010 were previously sent to the Board Members for review. Steve Wall made a motion to approve the May 13, 2010 meeting minutes as written. Karla Johnson seconded the motion, which passed unanimously.

Ratification and Approval of Payments and Credit Card Transactions

Steve Wall reviewed the payments made, payments to be made (see attachment number one) and credit card transactions with the Board. Steve Wall made a motion to approve the payments made, payments to be made and credit card transactions. Ken Bischoff seconded the motion, which passed unanimously.

Review/Approve First Quarter 2010 Financial Statements

The in-house prepared, first quarter financial statements were previously sent to the Board Members for review (see attachment number two). Sonya White reported that the total assets of the Pool, as of the first quarter ending March 31, 2010, are at \$14,851,284. An increase of \$289,030 in the first quarter loss reserves caused a negative net income of \$-237,606. Jim Eardley made a motion to approve the first quarter financial statements as prepared and presented. Jerry Hurst seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Steve White made a motion to strike agenda item: Set date and time for closed meeting to discuss character, professional competence, physical/mental health of an individual. Ken Bischoff seconded the motion, which passed unanimously.

Action on Personnel Matters

Steve White made a motion to strike agenda item: Action on Personnel Matters. Ken Bischoff seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Ken Bischoff made a motion to set date and time for a closed meeting to discuss pending or reasonably imminent litigation at 8:10 a.m. on June 4, 2010. Steve White seconded the motion, which passed unanimously. Board Members present at the closed meeting were: Kay Blackwell, Ken Bischoff, Steve Wall, Brad Dee, Jim Eardley, LaMar Guymon, Gerald Hess, Jerry Hurst, Karla Johnson, Wayne Smith, Kent Sundberg and Steve White. Johnnie Miller, Sonya White and Lisa Dennison were also present. During discussions relating to Sevier County claims, Steve Wall was excused from the meeting. During discussions relating to Utah County claims, Kent Sundberg and Steve White were excused from the meeting. During discussions relating to Weber County claims, Ken Bischoff and Brad Dee were excused from the meeting.

The regular meeting resumed at 8:30 a.m. on June 4, 2010.

Action on Litigation Matters

Kent Sundberg made a motion authorizing settlement authority up to an amount of \$100,000 during mediation in the matter of BOX492007. Ken Bischoff seconded the motion, which passed unanimously.

Karla Johnson made a motion authorizing settlement authority up to an amount of \$40,000 in the matter of UTA2022009. Brad Dee seconded the motion, which passed; Kent Sundberg and Steve White abstained.

Kent Sundberg made a motion to ratify the offer of judgment amount of \$40,001, plus reasonable attorney's fees, in the matter of WEB2742009. Steve Wall seconded the motion, which passed: Ken Bischoff and Brad Dee abstained.

Kent Sundberg made a motion to ratify the settlement amount of \$36,400 in the matters of MIL582010, SAN552010 and SEV572010. Steve White seconded the motion, which passed: Steve Wall abstained.

Kent Sundberg made a motion authorizing an offer of judgment in the amount of \$2,001, plus reasonable attorney's fees to date, in the matter of WEB2842009. Wayne Smith seconded the motion, which passed; Ken Bischoff and Brad Dee abstained.

Kent Sundberg made a motion to ratify the decision of the Litigation Management Committee to replace Committee Member Thomas Lowe with James Swink, Cache County Attorney. Jerry Hurst seconded the motion, which passed unanimously.

Chief Executive Officer's Report

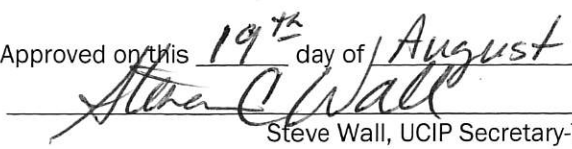
Johnnie Miller reported that he recently met with the Box Elder County Commissioners to discuss UCIP and the services provided.

Johnnie Miller explained that OSHA recently conducted a four month inspection of Logan City. OSHA may be cracking down on public entities. OSHA can't fine public entities for violations but they can report any alleged violations to the Federal Government that has authority to fine. Johnnie will work with the Workers Compensation Fund in preparing the counties for inspections.

Other Business

Pursuant to the discussions at the Board of Trustees' Strategic Planning sessions, Gerald Hess directed Johnnie Miller to research the feasibility of hiring in-house counsel.

The next meeting of the Board of Trustees is scheduled for July 15, 2010 at 12:00 p.m. at the UCIP Offices.

Approved on this 19th day of August 2010

Steve Wall, UCIP Secretary-Treasurer



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Government Type:	Special Districts
Entity:	Utah Counties Insurance Pool
Public Body Name:	Board of Trustees
Notice Subject:	Counties
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Street Address continued:	
City:	Midway
Zip:	84840
Start Date:	06/04/10 8:00 AM
End Date:	06/04/10 11:00 AM
	Breakfast
	Call to Order
	ACTION
	Review/Excuse Board Members Absent
	Review/Approve May 13 Meeting Minutes
	Ratification and Approval of Payments and Credit Card Transactions
	Review/Approve First Quarter 2010 Financial Statements
	Set Date and Time for Closed Meeting
	to Discuss Character, Professional Competence, Physical/Mental Health of an Individual
	Action on Personnel Matters
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	to Discuss Pending or Reasonably Imminent Litigation
	Action on Litigation Matters
	INFORMATION
	Chief Executive Officer's Report
	Other Business

Description / Agenda:

ADA:

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah Counties Insurance Pool, PO Box 760, Midvale, UT 84047, or call 800-339-4070, at least three days prior to the meeting.

Electronic Participation:

Any Member of the Utah Counties Insurance Pool Board of Trustees may participate telephonically.

Other:

Emergency Notice:

No

Send copy of notice to:

editor@sltrib.com

Attachments

There are attachments associated with this notice.

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Utah Counties Insurance Pool Payments

May 14 - June 4, 2010

Type	Date	Num	Name	Memo	Amount
ML Expense					
Liability Check	5/14/2010		QuickBooks Payroll Service	Created by Payroll Services on 05/11/2010	-12,591.94
Liability Check	5/28/2010		QuickBooks Payroll Service	Created by Payroll Services on 05/25/2010	-12,827.55
Liability Check	5/14/2010	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270053400652541	-5,053.42
Liability Check	5/28/2010	ONLINE	Nationwide Retirement Solutions	Entity: 644013	-2,115.34
Liability Check	5/28/2010	ONLINE	Utah State Tax Commission	Transaction Number: 218204446	-1,644.87
Liability Check	5/28/2010	ONLINE	Utah Retirement Systems	Unit No: 864 (MAY 2010)	-5,718.03
Liability Check	5/28/2010	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 27005480003620	-5,142.28
Check	5/26/2010	VISA	Wells Fargo	Account Number: 4856 2002 0869 3567	-1,906.00
Check	5/26/2010	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-2,560.04
Check	5/26/2010	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	-11.28
Check	5/31/2010	5569	PEHP-LTD	Coverage Period: May 2010	-227.91
Liability Check	5/31/2010	5570	Public Employees Health Program	Policy Number 1076 (MAY)	-6,317.40
Liability Check	5/31/2010	5571	Sirius Consulting Group, LLC	Invoice: May (UCIP 1076) 442915	-594.21
Check	5/31/2010	5572	Johnnie R. Miller	Expense Reimbursement	-267.00
Liability Check	5/31/2010	5573	Opticare of Utah	May Benefits	-70.38
Check	5/31/2010	5574	Steve White	Mileage Reimbursement	-260.00
Check	5/31/2010	5575	Brad Dee	Mileage Reimbursement	-342.50
Check	5/31/2010	5576	Steven Wall	Mileage Reimbursement	-165.00
Check	5/31/2010	5577	Bruce Adams	Expense Reimbursement	-450.10
Check	5/31/2010	5578	Jerry Hurst	Mileage Reimbursement	-295.00
Check	5/31/2010	5579	Wayne Smith	Mileage Reimbursement	-50.00
Check	5/31/2010	5580	Ken Bischoff	Mileage Reimbursement	-342.00
Check	5/31/2010	5581	Gerald Hess	Mileage Reimbursement	-323.00
Check	5/31/2010	5582	Alphagraphics	Invoice Number: 10891	-90.50
Bill Pmt -Check	5/31/2010	5583	By The Numbers Actuarial Consulting, Inc.	Invoice Number: 10748	-345.00
Bill Pmt -Check	5/31/2010	5584	Hilton Garden Inn St. George	May 12-13 Event - Personnel Workshop	-2,000.00
Bill Pmt -Check	5/31/2010	5585	Paaetec	Invoice Number: 866283	-5,108.63
Bill Pmt -Check	5/31/2010	5586	Purchase Power	Account Number: 8000-9090-018-5759	-683.29
Bill Pmt -Check	5/31/2010	5587	Schwaab, Inc.	Invoice Number: Y93061	-51.86
Bill Pmt -Check	5/31/2010	5588	Utah Association of Counties	Invoice Number: 20055	-39.00
Bill Pmt -Check	5/31/2010	5589	Western AgCredit	Invoice Number: 6-2010	-1,492.58
Bill Pmt -Check	6/1/2010	5590			-10,788.00
Total ML Expense					-79,874.11
WC Expense					
Total WC Expense					
TOTAL					-79,874.11



Utah Counties Insurance Pool
Supporting Your Goals Since 1992

FINANCIAL STATEMENTS

Quarter Ending March 31, 2010

To the Board of Trustees:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions and from accrual transaction of the Utah Counties Insurance Pool as of 3/31/09 and accompanying notes to basic financial statements.

Sonya White
Manager of Administration
801-307-2113
sonya@ucip.utah.gov

Reviewed this _____ day of _____, 2010

By: _____

Utah Counties Insurance Pool

Statement of Net Assets

As of March 31, 2010

	<u>Mar 31, 2010</u>
ASSETS	
Current Assets	
Total Checking/Savings	12,536,850.68
Accounts Receivable	219,784.31
Excess Recoverable	302,314.59
Prepaid Reinsurance	828,325.12
Total Current Assets	<u>13,887,274.70</u>
Fixed Assets	
Capital Assets	276,690.11
Accumulated Depreciation	(180,797.13)
Land	494,445.53
Capital (CRL)	362,335.00
Security Deposit	11,336.22
Total Fixed Assets	<u>964,009.73</u>
TOTAL ASSETS	<u><u>14,851,284.43</u></u>
LIABILITIES & EQUITY	
Liabilities	
Reserves	6,521,989.00
Unearned Premiums	4,267,719.75
Accounts Payable	22,984.02
Payroll Liabilities	991.52
Sick Payable	14,725.66
Vacation Payable	10,681.52
Total Liabilities	<u>10,839,091.47</u>
Equity	
Capital Assets	596,840.00
Unrestricted	3,652,958.67
Net Income	(237,605.71)
Total Equity	<u>4,012,192.96</u>
TOTAL LIABILITIES & EQUITY	<u><u>14,851,284.43</u></u>

Accrual Basis

Utah Counties Insurance Pool

Statements of Revenues, Expenses and Changes in Net Assets

As of March 31, 2010

	<u>Jan - Mar 2010</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
Conferences	675.00	4,500.00	-3,825.00	15.0%
Investment Income	10,299.55	80,709.00	-70,409.45	12.76%
Management Fees	1,009.68	3,000.00	-1,990.32	33.66%
Premiums	1,422,573.25	7,360,121.00	-5,937,547.75	19.33%
Premiums Audit	-21,253.27	0.00	-21,253.27	100.0%
Total Income	<u>1,413,304.21</u>	<u>7,448,330.00</u>	<u>-6,035,025.79</u>	<u>18.98%</u>
Expense				
Board of Trustees	6,388.36	38,000.00	-31,611.64	16.81%
Depreciation	7,505.49	45,000.00	-37,494.51	16.68%
Loss Control	6,838.41	42,650.00	-35,811.59	16.03%
Losses Incurred	289,030.31	0.00	289,030.31	100.0%
Losses Paid	791,051.92	2,960,000.00	-2,168,948.08	26.73%
Marketing	3,708.80	13,750.00	-10,041.20	26.97%
Office Operations	51,686.40	236,200.00	-184,513.60	21.88%
Professional Services	28,267.94	77,300.00	-49,032.06	36.57%
Reinsurance Coverage	271,190.38	1,221,677.00	-950,486.62	22.2%
Self Insurer's Tax	0.00	60,000.00	-60,000.00	0.0%
Staff	195,241.91	762,238.00	-566,996.09	25.61%
Total Expense	<u>1,650,909.92</u>	<u>5,456,815.00</u>	<u>-3,805,905.08</u>	<u>30.25%</u>
Net Ordinary Income	<u>-237,605.71</u>	<u>1,991,515.00</u>	<u>-2,229,120.71</u>	<u>-11.93%</u>
Net Income	<u><u>-237,605.71</u></u>	<u><u>1,991,515.00</u></u>	<u><u>-2,229,120.71</u></u>	<u><u>-11.93%</u></u>

Utah Counties Insurance Pool

Statement of Cash Flows

As of March 31, 2010

	<u>Jan - Mar 2010</u>
OPERATING ACTIVITIES	
Net Income	-237,605.71
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	-76,524.62
Excess Recoverable	398,556.72
Prepaid Reinsurance	-611,321.62
Accounts Payable	15,742.02
Payroll Liabilities	-559.32
Sick Payable	-2,888.05
Unearned Premiums	4,267,719.75
Vacation Payable	-2,191.07
Net cash provided by Operating Activities	<u>3,750,928.10</u>
INVESTING ACTIVITIES	
Accumulated Depreciation	7,505.49
Capital Assets	-1,004.00
Capital (CRL)	3,947.00
Capital (CRL) WC	1,562.00
Net cash provided by Investing Activities	<u>12,010.49</u>
FINANCING ACTIVITIES	
IBNR Reserves	224,313.31
Loss Reserves	-108,454.00
Loss Reserves WC	-4,229,516.00
ULAE Reserves	173,171.00
Net cash provided by Financing Activities	<u>-3,940,485.69</u>
Net cash increase for period	-177,547.10
Cash at beginning of period	<u>12,714,397.78</u>
Cash at end of period	<u><u>12,536,850.68</u></u>

UTAH COUNTIES INSURANCE POOL
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Utah Counties Insurance Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. The Pool is a non-profit public agency insurance mutual under the insurance statutes of the State of Utah and is an Interlocal entity formed under section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, as a joint program to insure risks for counties who enter into the Interlocal agreement that creates UCIP. The Pool started providing workers' compensation coverage effective January 1, 2004. As of January 1, 2010, the Pool has a Joint Purchase Agreement with the Workers Compensation Fund to provide workers' compensation coverage to UCIP members. All of the Pool's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Pool adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB Statement 34), GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*, in fiscal year 2002, effective January 1, 2001. Effective January 1, 2004, the Pool adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. With the implementation of these statements, the Pool has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net assets as invested in capital assets and unrestricted, and has prepared the statements of cash flows on the direct method to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting*, the Pool has opted to apply all pronouncements issued by the Financial Accounting Standards Board ("FASB") after November 1989, unless the FASB pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant of such policies.

Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The estimates which are particularly susceptible to change are related to the actuarial valuation of the claims incurred but not reported and loss reserves. Actual results could differ from those estimates.

Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

Premiums

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investments in the Utah Public Treasurers' Fund, business market funds and cash on deposit are considered to be cash equivalents.

Investments

Investments are comprised of various U.S. Government securities, certificates of deposit and investments in County Reinsurance Limited (CRL).

The investments in CRL are valued using the equity method of accounting. Under the equity method, the Pool recognizes its proportionate share of the net earnings or losses of CRL which represents its share of the undistributed earnings or losses of CRL.

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years. Depreciation expense for the quarter ending March 31, 2010 amounted to **\$7,506**.

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are reviewed quarterly and any adjustments are reflected in the period determined.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of March 31, 2010. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes.

Cash and cash equivalents

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is **\$87,512** as of March 31, 2010. As of March 31, 2010, **\$250,000** of the Pool's cash on deposit was insured by the FDIC.

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but the PTIF is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an entity's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of March 31, 2010, the Pool had amounts over FDIC insurance of \$0. As of March 31, 2010, the Pool had amounts over SIPC insurance of \$0.

Investments

All investments are through the Public Treasurer's Investment Fund and County Reinsurance Limited. The Pool records investments in CRL using the equity method of accounting. Investments in CRL are provided annually. The recorded value in CRL as of March 31, 2010 is as follows:

	2010					
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Statement Value	
Equity Investment in CRL	\$ 367,931	\$ -	\$ 5,596	\$ 362,335	\$ 362,335	
Total Investments	\$ 367,931	\$ -	\$ 5,596	\$ 362,335	\$ 362,335	

Interest Rate Risk

The Pool's investment policy states that the Pool manages its exposure to declines in fair value by laddering the maturities of its securities. Currently the Pool utilizes the Public Treasurer's Investment Fund (PTIF) to manage interest rate risk.

Credit Rate Risk

The Pool's investment policy states that investments will be limited to the top ratings issued by nationally recognized statistical rating organizations (NRSROs) so the total investment portfolio maintains an "A" (S&P) or equivalent minimum rating. All investments made during the period complied with this policy.

Concentration of Credit Risk

The Pool's investment policy states that investment in commercial paper, corporate bonds and asset-backed obligations shall not exceed 20% of the total assets of UCIP's investments. All investments made during the period were in compliance with this policy.

3. INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund was .55% as of March 31, 2010.

4. INVESTMENT INCOME

Investment income is comprised of interest on securities and cash and equity in CRL.

5. CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are:

	2010			
	Beginning Balance	Capital Acquisitions	Dispositions	Ending Balance
Land	\$ 494,446	\$ -	\$ -	\$ 494,446
Capital Assets	\$ 275,685	\$ 1,005	\$ -	\$ 276,690
	\$ 770,131	\$ 1,005	\$ -	\$ 771,136
Accumulated Depreciation	\$ 173,291	\$ 7,506	\$ -	\$ 180,797

6. CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

7. REINSURANCE

Effective 2003, the Pool has purchased only specific excess coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance coverage ceded to other insurance companies of **\$2,360,441** for the multiline pool, as of March 31, 2010. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Unsecured Reinsurance Recoverables

The Pool has reinsurance recoverables in the amount of **\$302,315** from its reinsurers for paid losses as of March 31, 2010.

Reinsurance Recoverable in Dispute

The Pool does not have any disputed balances or uncollectible funds.

8. RETIREMENT PLAN

The employees are covered under multiple-employer, public employee retirement systems administered by the Utah Retirement Systems. This plan is noncontributory and includes a 401(k) plan. The Pool contributes 11.62% of employee's salaries under the plan. The Pool contributes an amount equal to the amount contributed by the employee into a 401(k) plan and/or a 457 (administered by Nationwide Retirement Solutions) plan, not to exceed 5% of the employees eligible payroll. The total retirement expense for the Pool for the quarter ending March 31, 2010 was **\$18,788**.

9. UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased by approximately **\$289,030**, as a result of reestimation of unpaid losses and loss adjustment expenses. This change is the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

Unpaid claims, losses and loss adjustment expenses as of March 31, 2010 are:

	<u>2010</u>
Beginning Balance	7,195,247
Inurred Loss:	
Current Year	915,000
Prior Year	<u>(287,785)</u>
Change in Total Incurred	<u>627,215</u>
 Paid:	
Current Year	24,500
Prior Year	<u>1,275,973</u>
Total Paid	<u>1,300,473</u>
 Balance at March 31	<u>6,521,989</u>

10. OPERATING LEASE COMMITMENT

On September 4, 2008, the Pool entered into a seven year commitment to lease office space. The lease commenced in February 2009 at which time the Pool occupied the premises. The Pool paid **\$32,364** under the lease commitment for the quarter ending March 31, 2010.

Future minimum rental commitments for the building operating lease are as follows:

2010	\$ 129,456
2011	\$ 129,456
2012	\$ 132,696
2013	\$ 136,674
2014	\$ 140,774
Therafter	<u>\$ 144,997</u>
 Total minimum lease payments	 <u>\$ 814,054</u>

11. SUBSEQUENT EVENTS

On January 4, 2010, the Pool entered into a Loss Portfolio Transfer Agreement with Workers Compensation Fund (WCF). In January 2010 the Pool paid WCF \$4,229,516 for the transfer of all workers compensation liabilities associated with policy years 2004-2009.

